

**Biennial Budget
Budget in Brief
FY 2001-03**



*Will Manley
City Manager*

*Patrick M. Flynn
Assistant City Manager*

*Randy Gross
Assistant City Manager*

*Rich Oesterle
Financial Services Manager*

*Cecilia Velasco-Robles
Deputy Financial Services Manager*

*Debbie Bair
Budget and Research Analyst*

*Michelle Caruso
Budget and Research Analyst*

*Travis Clark
Budget and Research Analyst*

*Anita Erspamer
Executive Assistant*

Visit our Web Site: www.tempe.gov



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

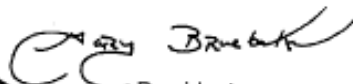
PRESENTED TO

**City of Tempe,
Arizona**

"An Outstanding Communications Device"

For the Biennium Beginning

July 1, 1999

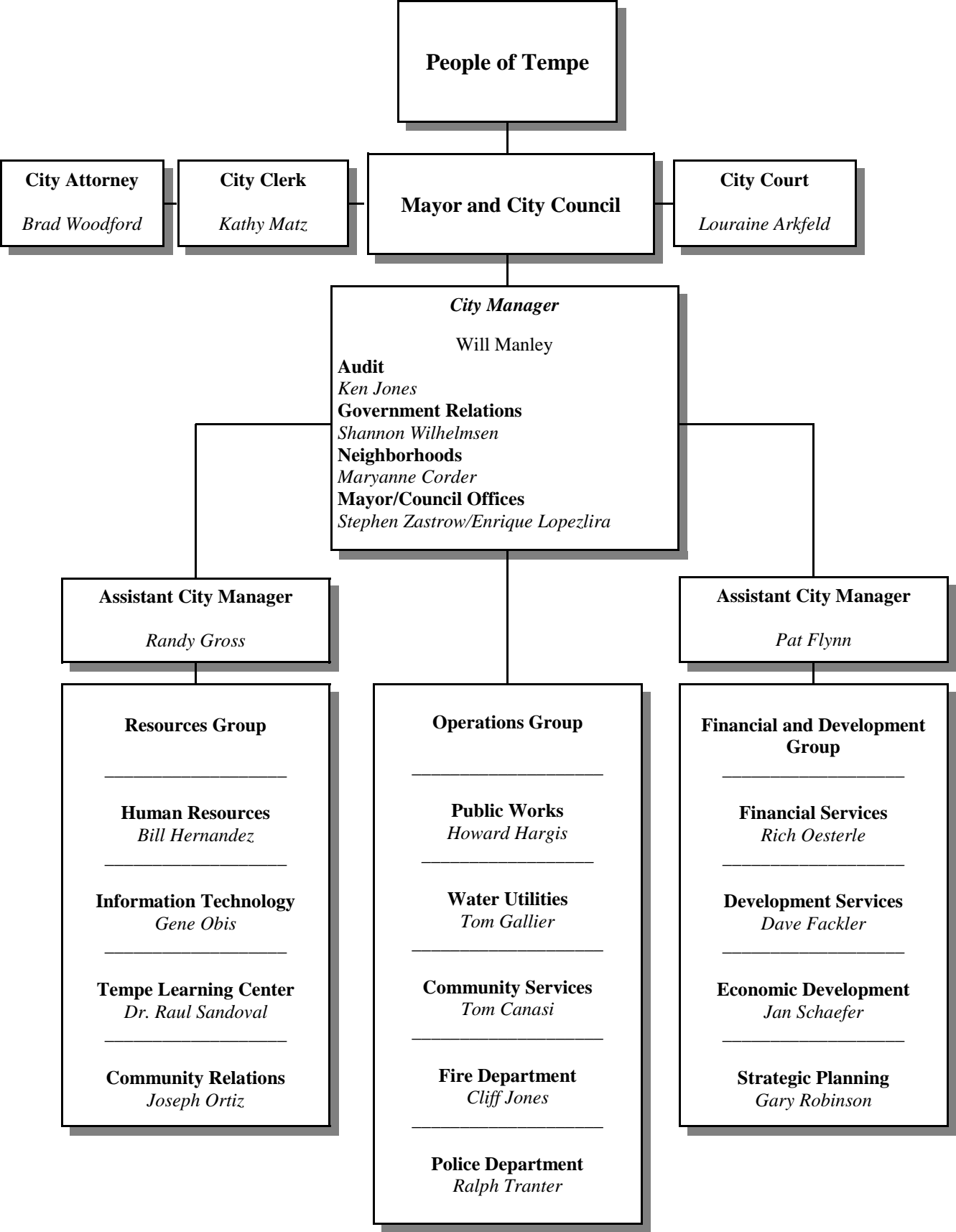

President


Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Tempe for its annual budget for the fiscal year beginning July 1, 1999.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.





Budget Message

June 20, 2001

To the Honorable Mayor and City Council:

Transmitted herein is the City's FY 2001-03 biennial operating budget, the second two year budget for the City of Tempe. The biennial budget has encouraged a longer term view of financial planning and shifted the emphasis from the process itself to a more careful examination of our resource allocation choices. As an additional benefit, moving to a budget process that occurs every other year rather than each year has allowed City departments greater time to focus on service delivery and program improvements.

Budget in Brief

The adopted operating budget for FY 2001-02 (Year 1) totals \$234.0 million, an \$11.8 million or 5.3% increase over FY 2000-01. The operating budget increases in FY 2002-03 (Year 2) by \$6.5 million or 2.8% to \$240.5 million.

Several factors contribute to the changes in the budget from a year ago, as highlighted in the following:

- ♦ **Supplemental Funding.** Over the course of this two-year budget, an additional \$9.0 million is included across all funds for program expansions and new initiatives to address the City's strategic goals and priorities. Of this new funding, \$1.7 million will address needs in our public safety and criminal justice programs, as well as community services, reflecting the City's continuing commitment to youth and social service programs.
- ♦ **Inflation and related costs.** Inflation, projected at 2.0-2.5%, coupled with projected population growth of 1.0% annually over the biennium, contribute to budget increases.

Police Staffing. In Year 1 of the biennium, 12 new police positions were approved for public safety. These positions were primarily for investigations and enhanced neighborhood patrol; additionally, costs associated with 26 previously grant funded police positions were absorbed in the operating budget.



Biennial Budget Total Financial Program		
	FY 2001-02	FY 2002-03
Operating Budget	\$234,015,370	\$240,461,459
Percent Change	5.3%	2.8%
Capital Improvements	\$85,541,430	\$130,638,313
Percent Change	26.9%	52.7%
Total Financial Program	\$319,556,800	\$371,099,772
Percent Change	10.4%	16.1%

Biennial Operating Budget by Fund		
	FY 2001-02	FY 2002-03
General Fund	\$125,427,279	\$131,658,405
Special Revenue Funds		
Transportation	8,135,751	8,447,753
Transit	25,044,850	24,606,654
Rio Salado	1,353,091	1,434,267
Performing Arts	317,048	341,472
CDBG/Section 8	7,633,824	7,705,907
Debt Service	11,238,729	11,518,082
Enterprise Fund		
Water/Wastewater	42,021,240	41,333,191
Sanitation	10,515,860	10,788,733
Golf	2,327,698	2,626,995
Total Operating Budget	\$234,015,370	\$240,461,459

Budget Highlights

Total Financial Program

The following tables depict the adopted biennial total financial program (operating and capital improvements budgets) and the operating budget detailed by fund. The size of our total financial program increases over the biennium due to the light rail component in transit and expansion of the water/wastewater program budgeted within the Capital Improvements Program (CIP).

Personnel

Total proposed full-time positions equal 1,727 for FY 2001-02 and 1,734 for FY 2002-03. This represents a net increase of 57 full time supplemental positions in Year 1 and 5 positions in Year 2, and 11 full time positions associated with CIP operating impacts during the biennial budget. Additionally, in Year 1, costs associated with 26 previously grant funded police positions were absorbed in the operating budget.

Pay-As-You-Go

Total “pay-as-you-go” financing within the Capital Improvements Program include \$17.6 million (FY 2001-02) and \$18.7 million (FY 2002-03) million from operating revenues, reflecting a \$12.5 million decrease and \$1.1 million increase over each of the preceding year’s “pay-as-you-go” financing.



Capital Improvements

The Total Capital Improvements Program is \$85.5 (FY 2001-02) and \$130.6 (FY 2002-03) million, up \$18.1 and \$45.1 million from each of the previous year's programs. Highlights of the biennial capital program include:

FY 2001-02

- Initial funding for light rail financing (\$23.3 million-federal share);
- Funding for Water and Wastewater projects (\$19.8 million) including funding for new production wells (\$1.7 million), continued funding for 91st Avenue expansion (\$10.0 million), and funding for Kyrene wastewater plant and Southern Avenue Interceptor enhancements (\$4.4 million);
- Initial funding for the AZ Cardinals Stadium (\$13.7 million);
- Continued funding for Transportation Improvements (\$5.3 million);
- Funding for Recreation Improvements (\$4.1 million) including continued funding for soccer field construction (\$1.0 million), initial funding for North Tempe Multigenerational Center (\$1.0 million), and continued funding for park and recreational improvements (\$2.1 million);
- Continued funding for Rio Salado Development (\$3.6 million);
- Continued funding for a downtown fire station (\$1.3 million);
- Initial funding (land purchase) for a Criminal Justice Center (\$0.9 million).

FY 2002-03

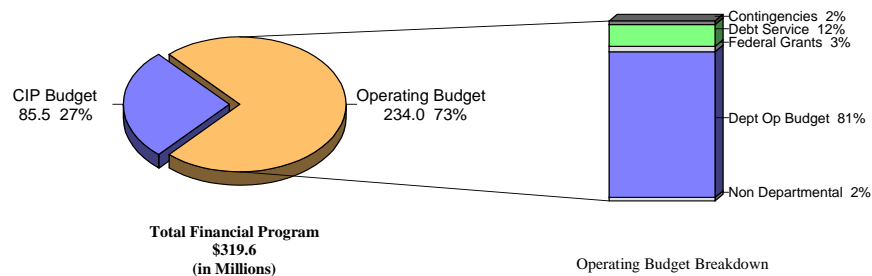
- Continued public safety automation efficiencies and radio replacement conversion (\$3.0 million);
- Continued funding for the North Tempe Multigenerational Center (\$3.7 million);
- Continued funding for park and recreational improvements (\$2.3 million);



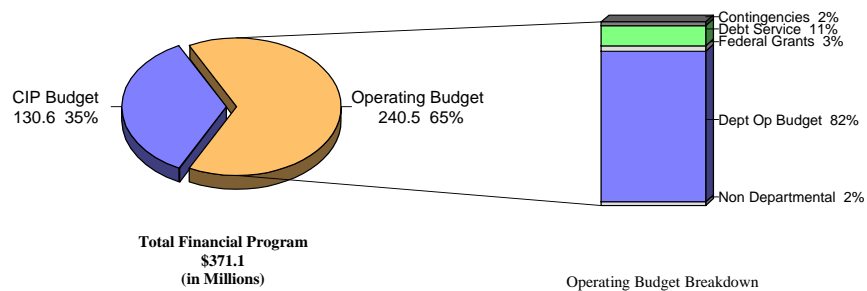
- Continued funding for Transportation Improvements (\$6.0 million);
- Funding for Transit Light Rail (\$53.7 million including \$23.7 million of federally shared money);
- Continued funding for Rio Salado Development (\$2.1 million);
- Funding for water/wastewater projects (\$43.8 million) including funding for water plant expansion and process improvements (\$13.9 million), continued funding for 91st Avenue wastewater expansion and transmission (\$19.2 million) and funding for Kyrene wastewater plant expansion and Southern Avenue Interceptor rehab (\$9.5 million).

As the graphs below depict, the operating budget represents 73% of the FY 2001-02 total financial program, decreasing to 65% in FY 2002-03 as the size of our CIP budget falls. Department budgets make up just over 80% of the citywide operating budget.

FY 2001-02



FY 2002-03





Revenue Considerations

The City will modify revenue as needed in several areas for FY 2001-02.

Water/Wastewater

For FY 2001-02, water and sewer rates will be reviewed to ensure full cost recovery and to maintain adequate reserves for capital needs.

Sanitation Fees

Upon finalizing the FY 2001-02 financial report in the Fall of 2001, sanitation fees will be reviewed to determine if a fee adjustment is required. The last sanitation fee adjustment of 3% was implemented in January 1998.

Development Fees

For FY 2001-02, Water and Sewer development fees will be reviewed to ensure new development pays its fair share of infrastructure development.

Golf Fees

Golf rate reviews will be conducted annually to ensure that the fund remains self sufficient. Fees for non-residents changed in June 1999, increasing by \$1 per nine holes for the summer season.

Other Considerations

Aside from the predicted downturn in the economy over the next 2-3 years, our state-share of locally distributed state income, sales and vehicle license tax revenues are projected to decline as the 2000 Census shows Tempe's expected declining percentage of statewide population.

Additionally, we will continue to review charges for fees for service on an ongoing basis and will bring them to Council, as necessary.

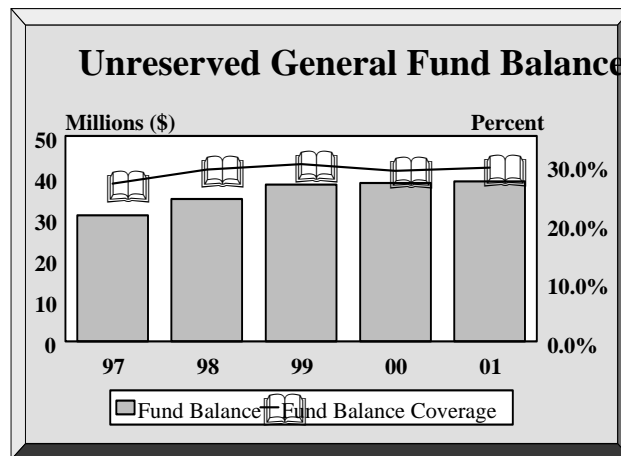
Financial Assessment

Tempe continues to be financially strong. Over the years, through sound fiscal management, Tempe has positioned itself well to weather economic downturns, create a positive atmosphere for economic development, and provide greater flexibility on budgetary issues.



Fund Balances

One measure of a city's financial strength is the level of its fund balances (i.e., revenues exceed expenditures). The City's estimated unrestricted fund balance in the General Fund will approximate \$39.0 million as of June 30, 2001. This balance represents 29% of FY 2000-01 total General Fund revenue. Our recommended guideline for General Fund fund balance coverage is a minimum of 25% of General Fund revenues. The City's Enterprise funds (Water/Wastewater, Golf, and Sanitation programs) will have a combined fund balance of approximately \$60 million at the end of FY 2000-01.



Financial Reserves

Another indicator of a city's financial strength is the level of its financial reserves. Over the years the City has established financial reserves to absorb unforeseen liabilities. The City currently has self-insurance reserves totaling \$9.4 million, monies that will protect the City against potential claims. Additionally, the City approximates \$6.3 million in debt service reserves at June 30, 2001, monies that will help stabilize and fund future debt service obligations. Included in each of the biennial budget years and financed from current revenues are \$4.6 million of contingency funding for unanticipated emergencies. Finally, the City has established a "rainy day reserve" of \$8.0 million.

Bond Ratings

The City's bond ratings are further evidence of its financial strength. Tempe's general obligation bonds are currently rated AAA by Fitch, Aa1 by Moody's and AA+ by Standard & Poor's. Such rankings mean the City's bonds are considered to be of excellent investment quality, meaning lower interest rates on bonds with corresponding lower interest payments. Having solid financial policies and strong financial reserves are principle reasons for these excellent bond ratings.

Fitch	November 2000	AAA
Moody's	April 1997	Aa1
Standard & Poor's	February 1992	AA+



Development Activity

The Elliot Road corridor continues with solid economic activity. We have seen several new major retail establishments and restaurants open in this location, further enhancing the City retail and sales activity there. In fact, the Elliot Road corridor generated \$13.4 million of local sales tax revenue for the City in FY 2000-01.

Another prosperous development within the Elliot Road corridor is the Autoplex. With a planned capacity of 15 auto dealerships, plus other ancillary businesses, the Autoplex represents a significant part of the City's financial future, given the sizable sales tax and property tax base each dealership brings to the community. We currently have nine auto dealerships with fifteen vehicle lines operating in the Autoplex.

Tempe continues to attract new companies and new development. Last fiscal year, city staff worked with 40 companies that created an estimated 1,500 jobs by moving into or reinvesting in Tempe. Job growth was distributed among several areas of Tempe including the ASU Research Park on the East Side, the Fountainhead Corporate Park in northwest Tempe, several developments in South Tempe along the I-10 corridor, and in Downtown Tempe. Downtown Tempe is also the site of a major mixed-use development called The Brickyard on Mill, which is comprised of three buildings-the seven-story Orchid House, the six-story Bank of America Building, and the two-level Artisan Court. These projects add loft-style residential living, additional retail and office opportunities to the Downtown.

A number of new developments are also underway at Tempe Town Lake. The first phase of Hayden Ferry Lakeside, a 1.6 million square foot mixed-use project, is under construction with a Class A, eight story office building to be completed in the summer of 2002. In addition, the 136 condominium project, also under construction, will add new options for urban living in Tempe. The city broke ground on a new marina that will provide easy launch areas for boats to take advantage of recreational opportunities on the lake, and the Tempe Performing Arts Center is in design and will be built near the west dam on the south bank of Tempe Town Lake.

Tempe continued to build on its reputation as a "Tech Oasis". While Tempe accounts for 3% of the state's population, over 17% of Arizona's high tech companies are located in Tempe. Two Tempe zip codes, 85281 and 85282, have more technology companies than any other location in the state. Downtown Tempe, in particular, attracts companies that desire a "live, work, play" environment.

Overall, FY 2000-01 building permit valuation totaled more than \$262 million. This number includes nearly \$215 million worth of investment in commercial, industrial, and office developments. Residential construction, valued at over \$29 million, was significant because of Tempe's scarce supply of undeveloped land. The remainder of the \$262 million was invested by schools, government, and churches.

Favorable Development Activity

⇒ **Commercial Development**

⇒ **Job Growth**

Residential development in Tempe is changing, due to the addition of loft-style developments in the Downtown and Rio Salado areas and the limited area remaining for residential growth. Commercial activity has been steady reflecting dividends both from our own economic development initiatives and programs, and the favorable economic climate in the metro Phoenix area. Permit activity overall is expected to continue to level off over the next year after very strong growth in the mid-to-late '90s. The projection is for continued fiscal strength and economic development success. Notwithstanding this favorable economic outlook, we remain mindful of the cyclical nature of the economy.

Major Policy Considerations

Budget appropriation choices were made within the context of the City's Comprehensive Financial Plan (Debt Management Plan & Long-Range Financial Capacity), Council Budget Policies, and Strategic Issues Plan.

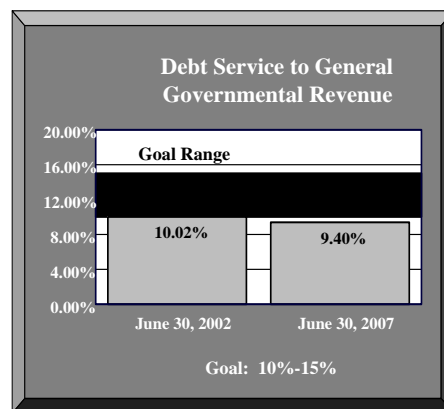
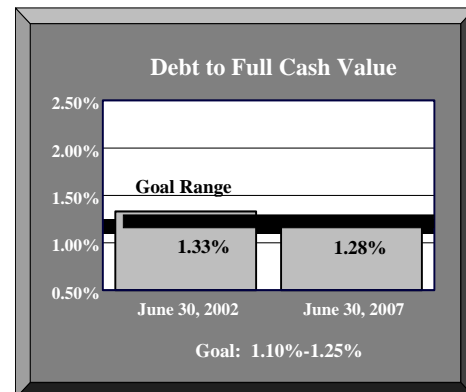
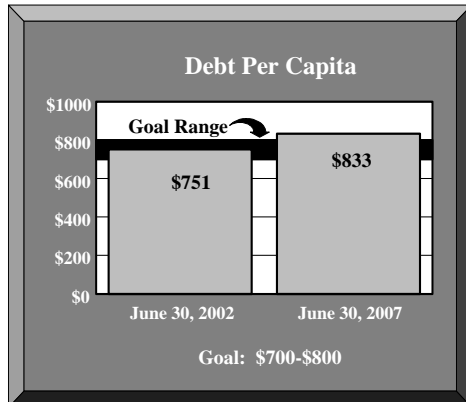
Debt Management Plan

The favorable bond ratings are due not only to having solid fund balances and reserves, but also result from adoption of and adherence to the Debt Management Plan by the City Council in 1989, which links our future debt capacity to population, tax base growth, and current level of general operating revenue.



We update this plan annually based on these factors. For Fiscal Years 2001-03, we plan to issue \$12 million each year of tax-supported debt. Over the six-year capital program, we plan to issue \$72 million of tax-supported bonds, all in accordance with our Debt Management Plan.

Debt Management Plan



Long-Range Financial Capacity

City staff prepares and updates the long-range financial plans and forecasts annually in preparation for developing suggested budget policies for City Council consideration.

The long-range forecast is for continued financial strength through FY 2004-05. A “Comprehensive Financial Plan” Section is included in the Biennial Budget which describes revenue and expenditures, issues, trends, and resource choices for all funds.



Council Budget Policies for FY 2001-03

The operating budget embraces the following tenets that over the years have made the City financially strong:

- the budget *provides that current revenues are sufficient to support current expenditures* (“We are living within our means” without drawing down general fund reserves for operating purposes); the budget maintains the City's strong general fund reserves;
- the budget *provides for a General Fund contingency appropriation* sufficient to support emergencies and unforeseen circumstances, given past experience in the City;
- the budget *provides sufficient levels of maintenance and replacement dollars* to ensure that all capital facilities and equipment are properly maintained;
- the budget *requires no increase in the total property tax rate*; the tax rate for FY 2001-02 is \$1.35 per \$100 assessed valuation;
- the budget *maintains a competitive compensation and enhanced benefits package*, which is one of the finest anywhere.

With these basic tenets as a guide, combined with the direction provided by our comprehensive financial planning process, the following budget policy direction was followed for FY 2001-03:

1. Over the next five years, General Fund revenues will increase at a rate slower than projected expenditures. Equalizing the growth rate of both revenues and expenditures is essential to avoid future expenditure cuts or tax increases.

- Limit recurring supplemental operating expense additions to \$750,000 and non-recurring supplementals to \$1.0 million within the General Fund (The long-term policy is to limit recurring General Fund supplementals to \$500,000 annually);
- Minimize midyear adjustments;
- Limit operating budget impacts to the Capital Improvements Program to \$750,000 annually for the biennial budget period of 2001-03;
- Provide 1% for enhanced benefits.



-
- 2. Based upon the Comprehensive Financial Plan, allocate anticipated surplus from the General Fund for non-recurring expenses as follows:**
 - Allocate 1/3 to the Rio Salado program for capital improvements;
 - Establish reserves, with the balance of surplus revenue going to the Capital Improvements Program as “pay-as-you-go” financing.

 - 3. The economy is in a slow-down period. Maintain the City’s strong financial reserve program.**
 - Cap the Rainy Day Reserve at \$8 million;
 - Cap the Rio Salado Reserve at \$10 million;
 - Maintain the General Fund fund balance at a minimum of 25% of General Fund revenues.

 - 4. Although the past ten years have shown an average annual increase in assessed values of 3.8%, we are projecting the next 5 years average at 4.2%. This increased assessed value provides increased bond capacity.**
 - Increase the Debt Management Plan’s G.O. Bond funding for tax supported debt to \$12.0 million annually beginning in FY 2001-02. No increase in the property tax rate (\$1.35/\$100 of assessed value) is needed to fund the increased capacity.

 - 5. The City’s revenue structure must be examined regularly to insure minor inflationary pressures do not go unnoticed requiring large percentage increases at some time in the future.**
 - Continue annual evaluations of enterprise funds (water, sewer, refuse and golf) with the purpose of recommending smaller percentage increases at routine intervals as opposed to waiting a longer period of time and requiring substantially larger percentage increases;
 - Place fees for services on a regular review schedule as follows:
 - Year 1: Community Services fees (recreational, social services, library);
 - Year 2: Criminal Justice system fees;
 - Year 3: Development related fees (building permits, plan check, etc.).



6. **Institute semi-annual budget reviews with the City Council.**
7. **Continue examination of current programs by each department for potential “sunsetting” or budget trade-off.**

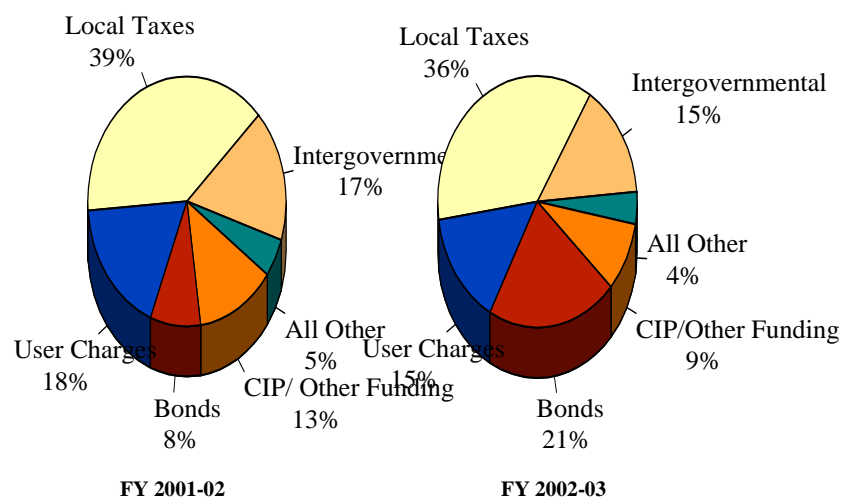
Strategic Issues

The City formed strategic issues teams to provide more strategic focus to resource allocation choices. The strategic issues and Council Committees are:

- Technology Advancement and Community Development
- Human Services and People Improvement Program
- Finance and Economic Development
- Cultural and Community Programs
- Neighborhood Enhancement and Public Safety Community Partnerships
- Transportation Committee of the Whole
- Rio Salado Committee of the Whole
- Ad Hoc Committee on Human Relations

The goal of each strategic team is to delineate long-range goals, formulate a cohesive strategy for each of the defined areas, and develop action plans to advance the city toward those strategic goals. Basic services were also identified as a top priority in evaluating resource allocation choices.

Where the Money Comes From



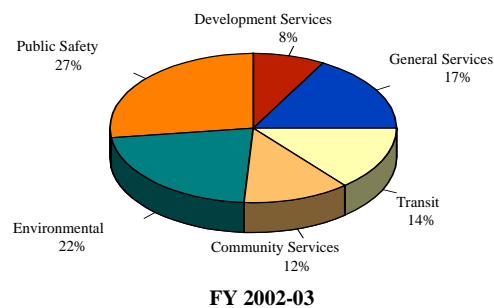
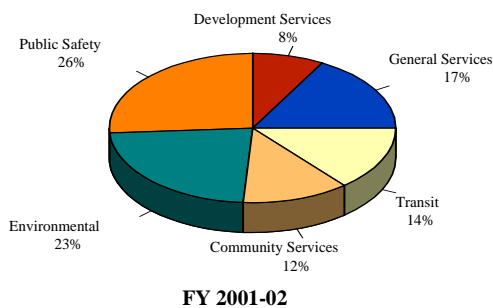


Income/Outgo

The pie charts below and on the previous page portray the City's income and outgo. Revenues are grouped by major category, while expenditures are shown by program area and by type of expenditure (such as personal services). Local taxes (e.g., city sales tax and property tax) continue to be the largest City revenue source, representing 39% of the FY 2001-02 total revenue budget, decreasing to 36% in FY 2002-03. Other major revenue sources include user charges (such as water service and refuse fees) and intergovernmental revenue.

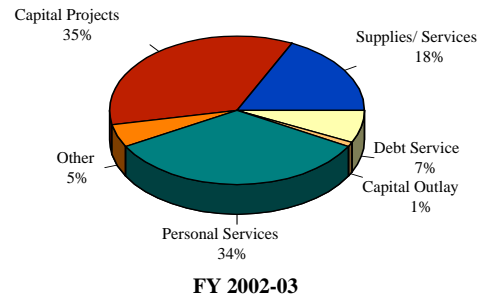
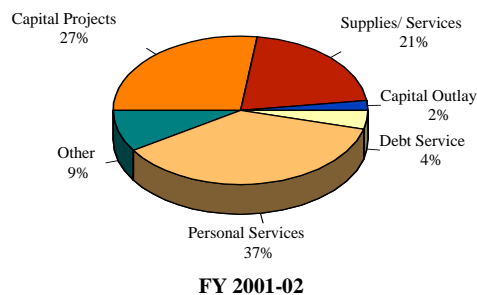
The pie charts show a breakdown of City expenditures and where the money is spent by program. Public Safety and Environmental Health represent the greatest areas of program appropriation, accounting for 49% of the total financial program in each of the fiscal years 2001-03.

Where the Money Goes By Type of Program



The final charts portray budget appropriations by line-item category. As you may expect with a service-type organization, Personal Services (salaries, wages and benefits) represent a large portion of the total financial program.

Where the Money Goes By Line Item Category





Conclusion

The City of Tempe has a long history of maintaining a high quality of service to its citizens. Whether these service levels fit the “basic service” definition or a “quality of life” definition, the City seeks a balance to provide services to all its residents, and at the lowest possible cost.

The adopted biennial budget for FY 2001-03 reflects the commitment to maintain these high levels of service amid fluctuating economic uncertainties.

Maintaining the City’s excellent financial situation is a top priority of the City Council and staff. As such, we will continue to focus on the City’s Comprehensive Financial Plan to model future financial scenarios. Limiting recurring General Fund operating expenses in future years will be a key factor in our scenario planning.

The adopted biennial budget reflects the Council’s policy of preserving Tempe’s strong financial position by maintaining strong fund balances and reserves, attracting and retaining high quality staff with highly competitive salaries and benefits, adding new programs cautiously and making decisions within the context of our comprehensive financial plan. The budget asserts our commitment to meet and exceed our community’s high expectations and to continue to meet these needs at the lowest possible cost to our citizens.

With final budget adoption, I want to thank the Mayor and City Council, citizens of Tempe and City staff for their time and effort throughout this budget process.

Respectfully submitted,

Will Manley, City Manager



The budgetary policies enumerated below outline a general framework of budgetary goals and objectives regarding the operating budget, debt service, capital expenditures, reserves, and financial reporting. They provide standards against which current budgetary performance can be measured and proposals for future programs evaluated.

Operating Budget Policies

Current revenues will be sufficient to support current operating expenditures.

- **Status:** *FY 2000-01 estimated General Fund operating revenues (\$132.8 million) to expenditures (\$113.8 million) Ratio 1.2:1*

Financial systems will be maintained to monitor expenditures, revenues and program performance on an ongoing basis.

- **Status:** *Ongoing monitoring system with monthly reviews including new payment and purchase requisition system*

Revenues and expenditures will be projected for the next five years and will be updated annually.

- **Status:** *Projections completed in Comprehensive Financial Plan (April 2001 Update)*

Debt Service Policies

Long-term debt will not be issued to finance current operations.

- **Status:** *None issued to finance current operations*

Outstanding Tax Supported Debt* growth rate will be maintained at a rate commensurate with Tempe's population, growth factors and financial condition consistent with the rate of growth in its underlying tax base and budget base; long-term debt will not exceed the City's resources for repaying the debt.

- **Status:** *Debt growth commensurate with growth indicators; FY 1999-00 Non-enterprise tax supported debt \$120.5 million; FY 2000-01 tax supported debt \$118.2 million; percent change (1.7%); FY 2001-02 \$122.6 (est.); percent change 3.5%*

** Includes total tax supported debt (property and excise taxes) less debt service fund reserve.*



Outstanding Tax Supported Debt (FY 2000-01 \$118.2 million, FY 2001-02 \$122.6 million) will not exceed 1.10-1.25% of the estimated full assessed valuation* (FY 2000-01 \$8,604,588,325; (FY 2001-02 est. \$9,123,192,645).

- **Status:** *Debt to Full Value: FY 2000-01 1.38%, FY 2001-02 1.33%*

** Actual full cash value, net of estimated value of property exempt from taxation*

Annual Tax Supported (property and excise tax) Debt Service (FY 2000-01 \$18.0 million; FY 2001-02 \$15.6 million) will not exceed 10-15% of the Total Governmental Revenue (FY 2000-01 \$151.6 million; FY 2001-02 \$155.4 million)

- **Status:** *Debt Service to Revenues: FY 2000-01 11.9%; FY 2001-02 10.0% (est.)*

** Includes General Fund, Debt Service and Transportation (excludes Transit revenue)*

Outstanding Tax Supported Debt per capita will be maintained within the range of \$700 and \$800 per capita and increase no more than 50% within four years or 20% in one year.

- **Status:** *Debt Per Capita: FY 2000-01 \$722; FY 2001-02 \$751 (est.)*

Capital Expenditures Policies

As required by City Charter, a five-year capital improvements program will be developed and updated annually, including anticipated funding sources.

- **Status:** *FY 2001-03 Biennial CIP Budget of \$85.5 million (FY 2001-02) and \$130.6 million (FY 2002-03) adopted as part of a 6 year, \$700.8 million CIP program*

Capital projects financed through the issuance of bonds will be financed for a period not to exceed the expected useful life of the project.

- **Status:** *Average weighted life years on CIP bonds: FY 2000-01 16.3%; FY 2001-02 15.5%*

The City will coordinate development of the capital improvements budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.

Status: *Operating Budget impact of new capital projects is estimated at \$1.4 million plus an estimated \$2.6 million (\$1,436,866 Water/Wastewater, \$523,107 Transportation, and \$628,107 General Purpose) in additional debt service for the coming fiscal year. Future operating costs associated with*



- *new capital projects have been incorporated into the Comprehensive Financial Plan*

The City will maintain all its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

- **Status:** *Aggressive capital maintenance program approved in Capital Improvements Program budget*

The City will establish an appropriate mix of bonded debt and pay-as-you-go financing in the funding of capital projects.

Sources of Funds		
(\$ Millions)	FY 2001-02	FY 2002-03
General Obligation Bonds	\$25.9	\$79.8
Pay-As-You-Go Financing	17.6	18.7
Outside Revenue	40.3	33.0
Capital Projects Fund Balance	1.7	(0.9)
Total Sources of Funds	\$85.5	\$130.6

Reserve Policies

The City will continue its healthy financial reserve position. Fund balance coverage for the General Fund will be maintained at a minimum of 25% of General Fund revenue.

- **Status:**

Fund Balance FYE 00	Revenues FY 2000-01	Fund Balance Coverage
\$38.6 M	\$132.7 M	29.1%

Fund Balance FYE 01	Revenues FY 2001-02	Fund Balance Coverage
\$39.2 M	\$132.0 M	29.7%



The City will maintain an unrestricted minimum retained earnings balance of \$45 million of anticipated revenues in the Water/Wastewater Fund, and a minimum of 10% of anticipated revenues in the other Enterprise Funds (Sanitation, Golf).

- **Status:**

	Fund Balance FYE 00	Revenue FY 2000-01	Fund Balance Coverage	Days Coverage
Water/Wastewater	\$56.4 M	\$43.5 M	129.7%	473
Sanitation	\$1.2 M	\$10.2 M	11.8%	43
Golf	\$1.5 M	\$2.0 M	75.0%	274

	Fund Balance FYE 01	Revenue FY 2001-02	Fund Balance Coverage	Days Coverage
Water/Wastewater	\$57.8 M	\$43.1 M	134.1%	490
Sanitation	\$1.2 M	\$10.3 M	11.6%	43
Golf	\$0.8 M	\$2.2 M	36.4%	133

Self-insurance reserves shall be maintained at a level which, together with purchased insurance policies, adequately indemnify the City's capital assets.

- **Status:** *FY 2000-01 \$8.1 million and FY 2001-02 \$8.1 million in self-insurance reserves*

Financial Reporting Policies

The City's accounting and financial reporting systems will be maintained in conformance with current accepted principles and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

- **Status:** *GFOA Certificate of Achievement for Excellence in Financial Reporting. GFOA Distinguished Budget Presentation Award including an outstanding rating as a communications device for the biennial budget*

Full disclosure will be provided in the general financial statements and bond representations.

- **Status:** *Notes to the financial statements and official bond statement provide full disclosure*

An annual audit will be performed by an independent public accounting firm with the subsequent issue of an official annual financial statement.

- **Status:** *Unqualified independent audit report*

Financial Stability

Several steps were undertaken to insure our continued financial stability amid declining state-shared revenues and uncertain assessed valuation policy. These recommendations, listed under the Financial Action Plan in the Comprehensive Financial Plan, include the following:

- **Long-Range Forecast** was prepared for all funds projecting revenues and expenditures over the next five years.
- **Sales Tax Revenues** (in General Fund) derived from the sales tax election of 1993 approving an increase in the rate from 1.0% to 1.2%, appears sufficient to meet projected expenditure needs through FY 2004-05.
- Amid declining Highway User Revenue Fund revenues and increasing transportation needs, a **Transit Tax Proposal** was passed by the voters on September 10, 1996, increasing the sales and use tax rate by one half of one percent, and restricting revenues to improving public transportation.
- Annual review of the **Debt Management Plan** and **sizing of Capital Budget to Debt Criteria** led us to limit new debt issues to an average of \$12.0 million each year for the next 6 years.
- Building on the **Benchmarking Program**, incorporating recommended benchmarks from the Governmental Accounting Standards Board Service Efforts and Accomplishments Reporting program, International City/County Management Association Performance Measures, and citywide internal and external benchmarking programs to assist in public accountability and continuous improvement in the efficiency, quality, and outcomes of work processes and services.
- Continue citywide **Competitive Analyses** to evaluate and improve service delivery while enhancing accountability to the citizens.

Strategic Issues Program implemented to identify and prioritize key strategic issues, leading to incorporation of recommended corresponding strategies and goals into the budget process.

- **Financial Policy Implementation and Monitoring** continue to be fine-tuned to refine financial guidelines and the administrative procedures to monitor performance criteria.
- **Expenditure Control** will be directed at slowing growth by means of citywide line item reviews, modified base budget approach, and program sunseting.
- **Limit Midyear Adjustments** which circumvent the normal budget process and pose a risk to careful long-range financial planning.
- Continue efforts in coalition with the League of Arizona Cities and Towns to help **Protect State-Shared Revenues**.
- **Manage Stability** as effectively as growth has been managed in the past. Financial flexibility, which comes easily during rapid revenue growth periods, must be intentionally constructed through effective decision-making when managing stability.
- **Review Benefits Program** to explore such options as increasing deductibles, requiring greater employee contributions and/or modifying our benefits cafeteria programs.

Council Budget Policies

- Continue the modified base budget implemented at the start of the budget process, incorporating historical spending patterns, program cost adjustments, and long-range forecasts in the preparation of budget allocation targets, thereby limiting the rate of budgetary growth.

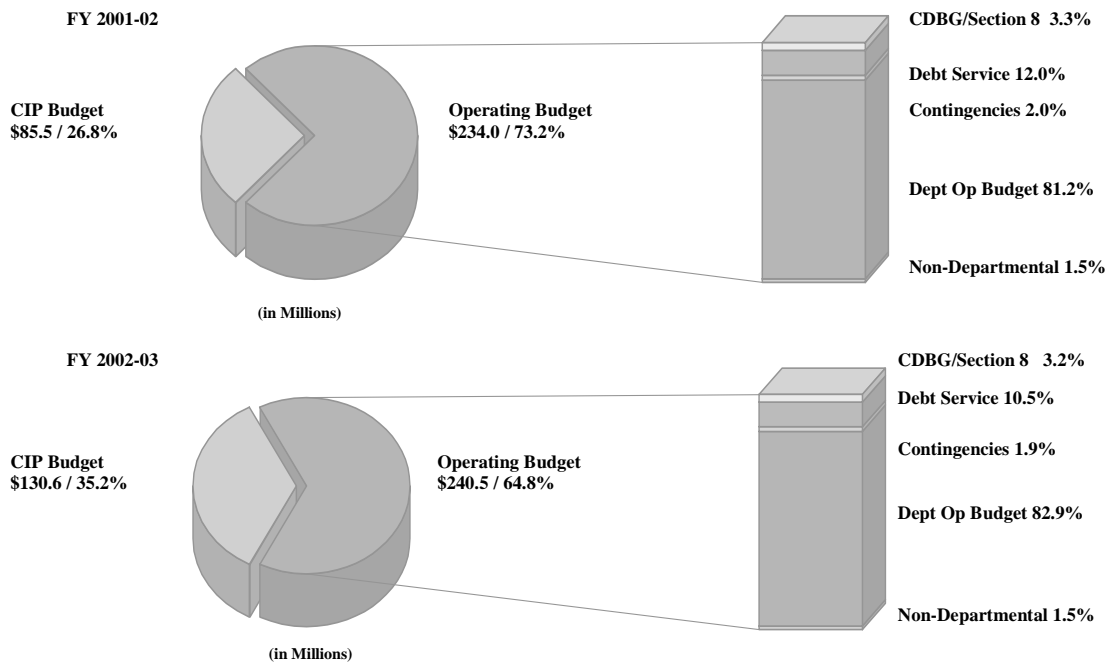
Limit recurring supplemental operating expense additions to \$750,000 and non-recurring supplementals to \$1.0 million within the General Fund (The long-term policy is to limit recurring General Fund supplementals to \$500,000 annually. For the biennial budget, the Council approved a \$750,000 recurring limit to fund needs in public safety and development and community services having a high priority with the Council and Tempe residents). This supplemental level and other contemplated funding levels should be considered against a backdrop of our long-range forecasts and how such levels affect the future financial health of the General Fund.

- Continue to allocate 1/3 of the annual net General Fund revenue to Rio Salado capital improvements, with the remaining 2/3 for reserves and Capital Improvement Program pay-as-you-go financing.
- Continue to evaluate our self-supporting enterprise operations on an annual basis for possible revenue changes.
- Continue to re-examine current programs, re-engineering processes and competitiveness in the City as necessary.
- Continue to strengthen basic (existing) programs and services in the City.
- Continue to identify and address Council's strategic issues.

Total Financial Program

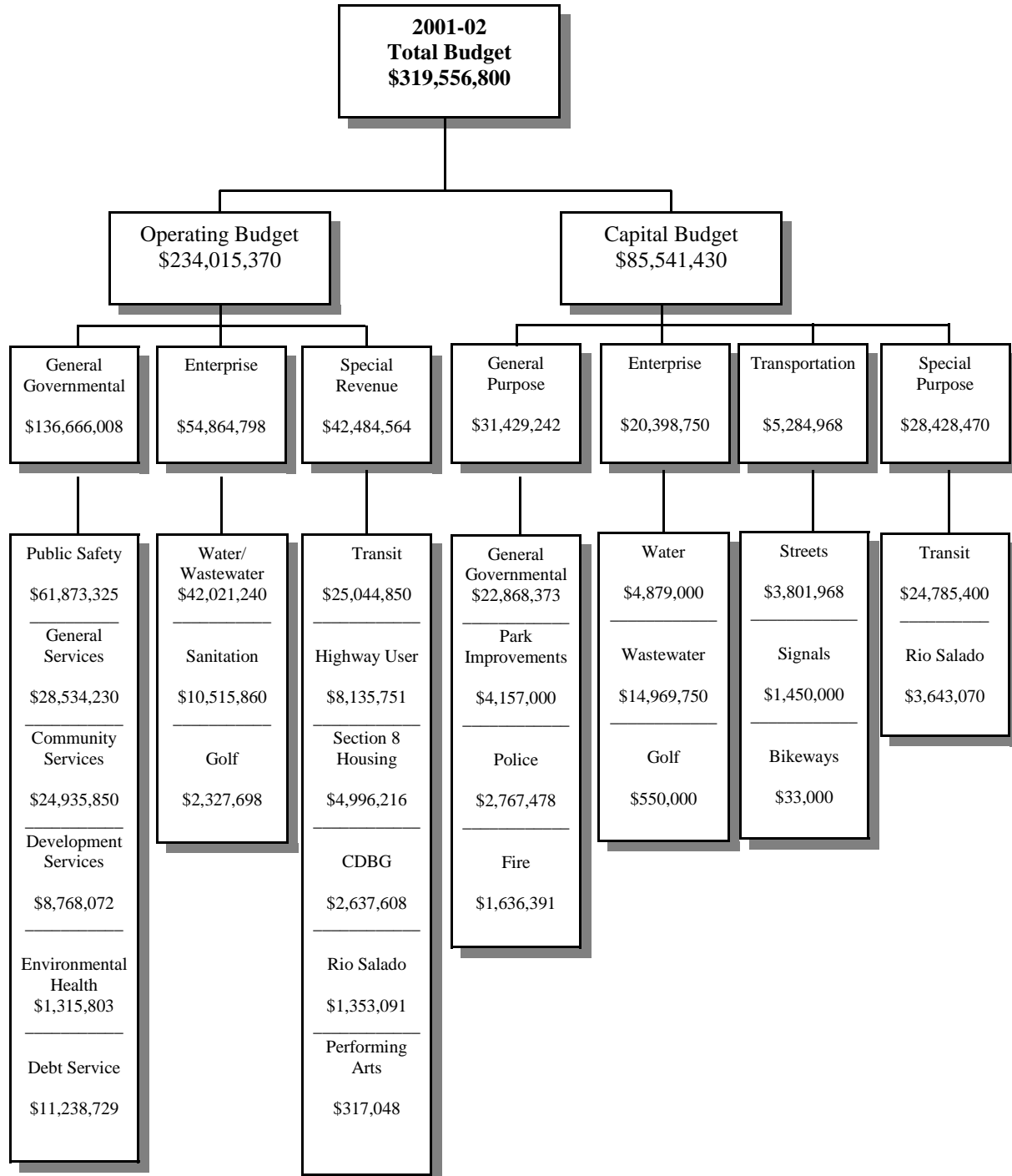


The total financial program adopted for the biennial budget is \$319.6 million for FY 2001-02 and \$371.1 million for FY 2002-03. Year 1 of the biennium reflects a \$234.0 million operating budget and an \$85.5 million Capital Improvements Program, representing a 10.4% increase from the FY 2000-01 total financial program. In Year 2, the total financial program increases to \$371.1 million, a 16.1% increase in the total financial program from FY 2001-02, with the CIP budget growing to \$130.6 million. Operating budget growth of 5.3% and 2.8% in FY 2001-02 and FY 2002-03, respectively, is related primarily to increased funding for public safety and criminal justice programs, and community services. The increase in the CIP is largely attributed to the expansion of the City's water/wastewater program and to the implementation of a new light rail system.

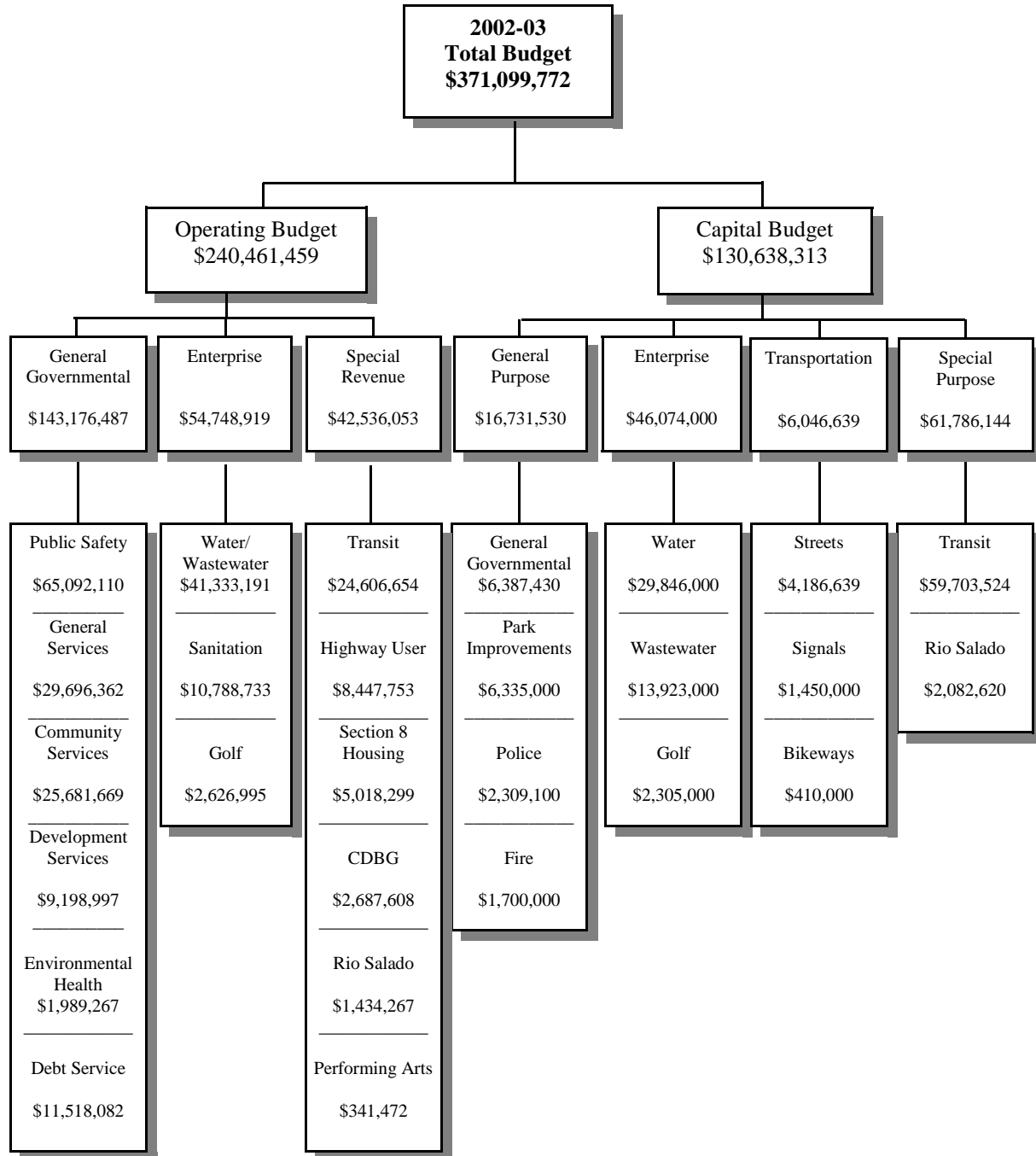


Total Financial Program			
	FY 2000-01	FY 2001-02	FY 2002-03
OPERATING BUDGET			
Departmental Operating Budget	172,285,257	190,023,541	199,248,751
Debt Service	21,719,070	28,189,488	25,209,333
Non-Departmental	5,194,491	3,597,440	3,615,704
Contingencies	15,410,468	4,571,077	4,681,764
CDBG/Section 8 Housing	7,559,996	7,633,824	7,705,907
TOTAL OPERATING BUDGET	\$222,169,282	\$234,015,370	\$240,461,459
Capital Improvements	67,408,152	85,541,430	130,638,313
TOTAL FINANCIAL PROGRAM	\$289,577,434	\$319,556,800	\$371,099,772

Total Financial Program FY 2001-02



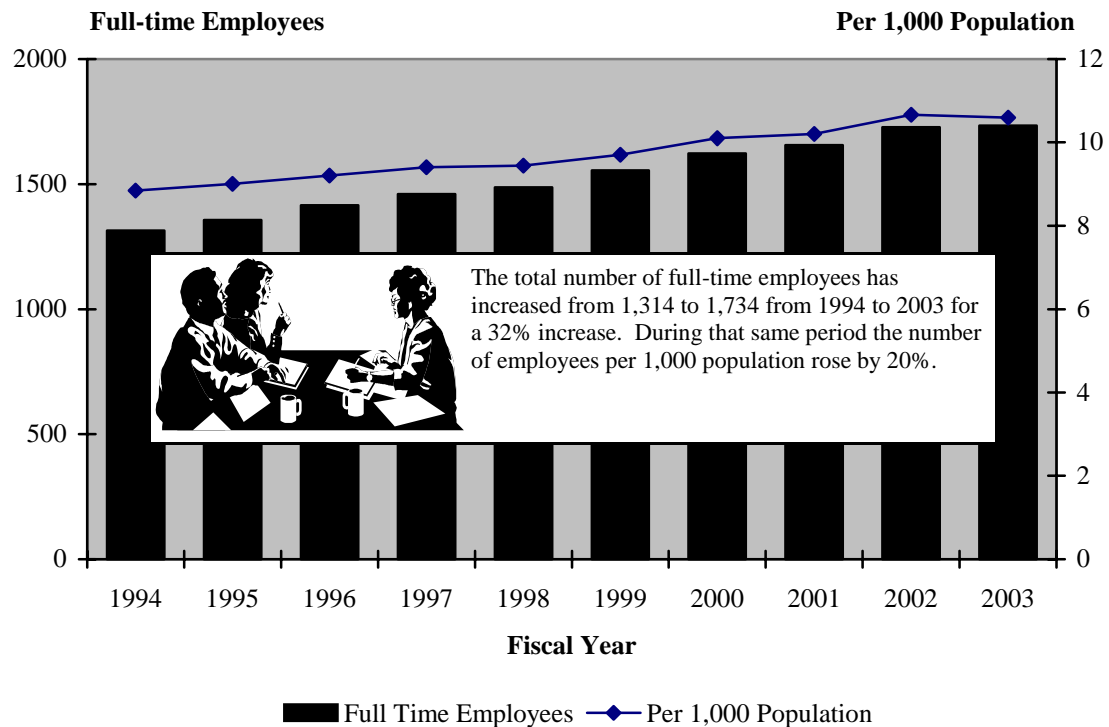
Total Financial Program FY 2002-03



Personnel Summary



The number of full-time employees for fiscal year 2001-02 totals 1,727, a 4.0% increase from the prior year, and 1,734 in fiscal year 2002-03 representing a 0.4% increase from the prior budget. Total employees per 1,000 population for 2001-02 is estimated at 10.66, a 2.9% increase from the previous fiscal year, and 10.59 in 2002-03, a 0.7% decrease from fiscal year 2001-02.

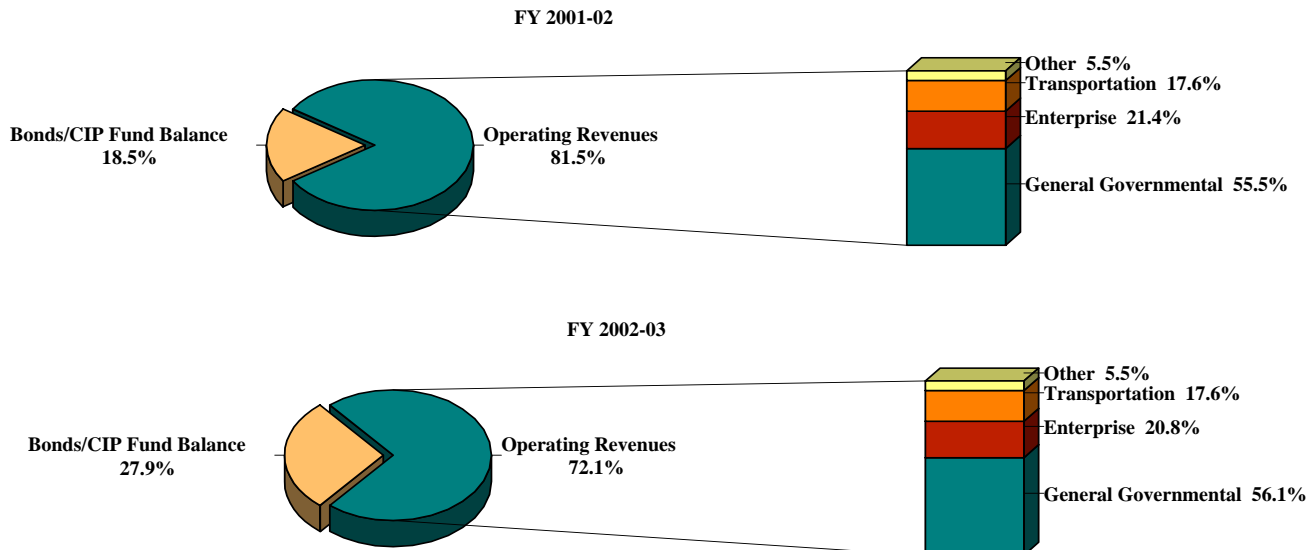


Fiscal Year-End	Full-Time Employees	Employees Per 1,000 Population
1994	1,314	8.85
1995	1,357	9.01
1996	1,416	9.21
1997	1,460	9.41
1998	1,488	9.45
1999	1,556	9.71
2000	1,628	10.27
2001	1,661	10.36
2002	1,727	10.66
2003	1,734	10.59

Total Revenue by Source

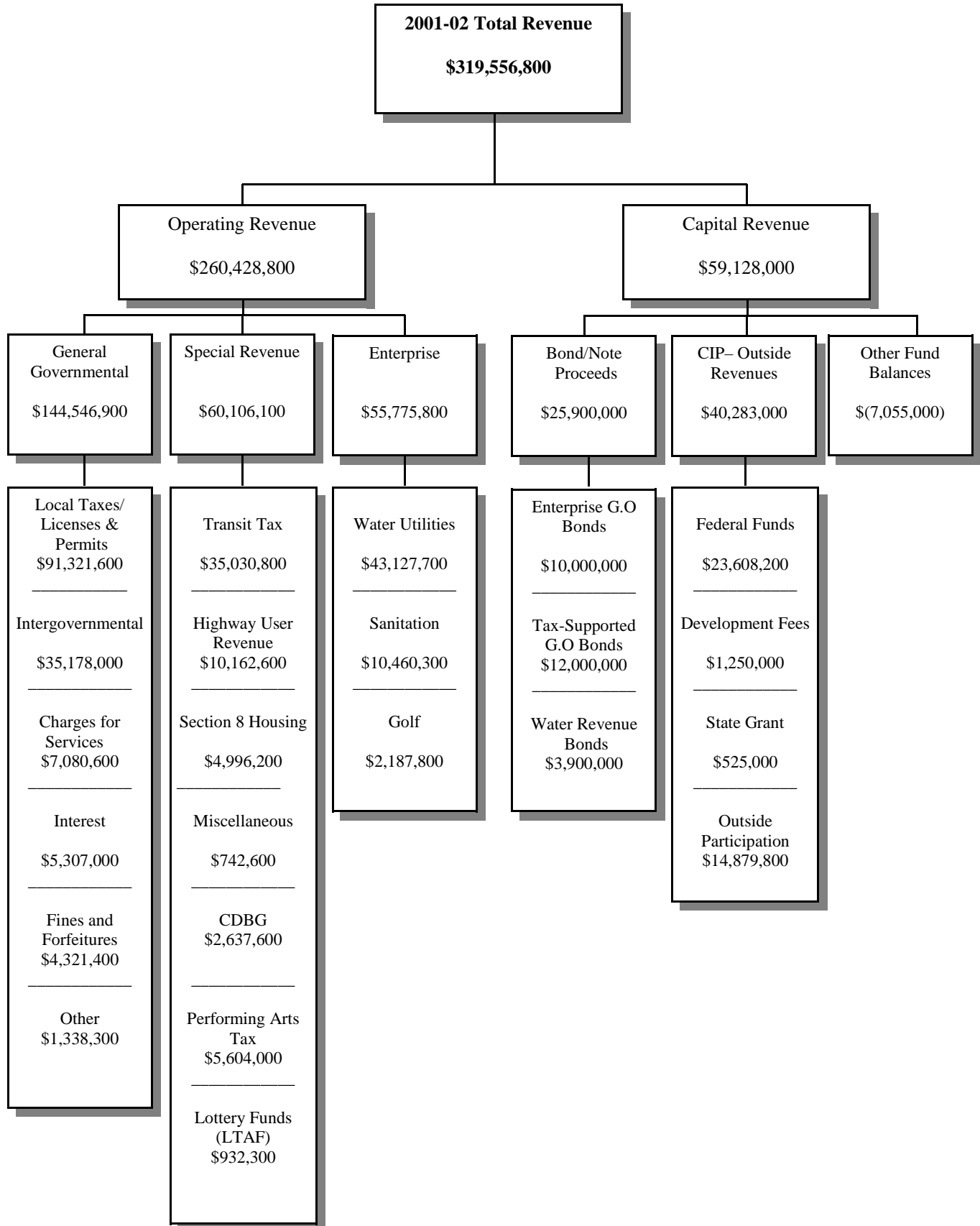


Total revenue for the biennial budget is estimated at \$319.6 million for FY 2001-02 and \$371.1 for FY 2002-03, reflecting \$260.4 million in operating revenue and \$59.2 million from Bond Proceeds, Fund Balances and Other Funding Sources in FY 2001-02, and \$267.8 million in operating revenue and \$103.3 million from Bond Proceeds, Fund Balances and Other Funding Sources in FY 2002-03. The FY 2001-02 operating revenue total represents 7.5% growth over budgeted FY 2001-02 operating revenues, with operating revenue growth expected to slow to 2.8% in FY 2002-03. The slowing revenue trend reflects sluggish taxable sales growth and decreased state-shared revenue. Bond Proceeds and Other Funding Sources will increase in the second year of the biennium, corresponding to the size of the Capital Improvements Program budget.

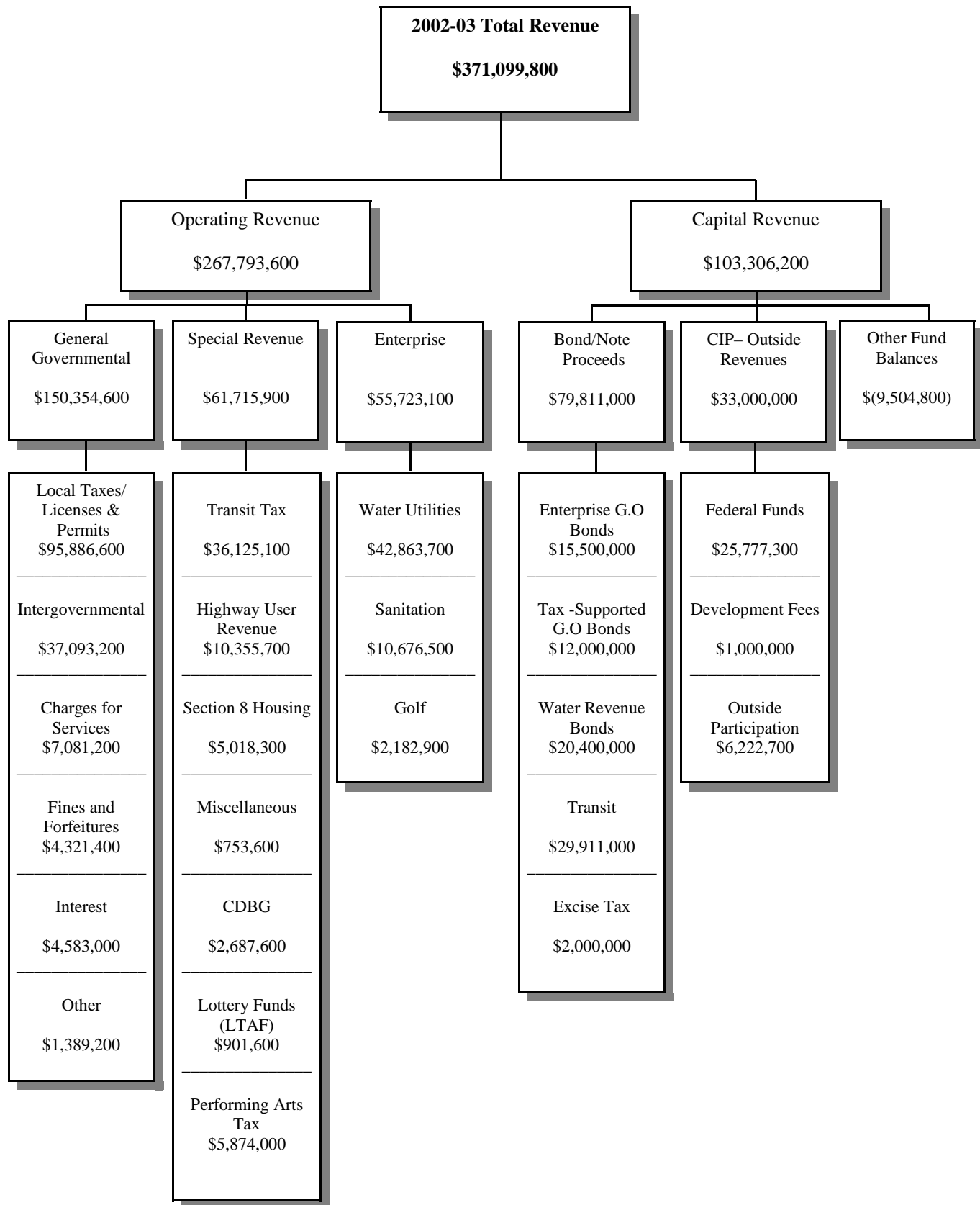


TOTAL REVENUES		
	2001-02	2002-03
OPERATING REVENUES		
General Governmental		
Local Taxes, Licenses and Permits	\$91,321,600	\$95,886,600
Intergovernmental	35,178,000	37,093,200
Charges for Services	7,080,600	7,081,200
Miscellaneous and Debt	10,966,700	10,293,600
Transportation/Transit	45,818,000	47,084,900
Performing Arts	5,604,000	5,874,000
CDBG/Section 8 Housing	7,633,800	7,705,900
Rio Salado Special Revenue	1,050,300	1,051,100
Enterprise	55,775,800	55,723,100
TOTAL OPERATING REVENUES	\$260,428,800	\$267,793,600
Operating Revenue Per Capita	\$1,607	\$1,635
Bond/Note Proceeds	25,900,000	79,811,000
CIP Other Funding	40,283,000	33,000,000
Fund Balances	(7,055,000)	(9,504,800)
TOTAL REVENUES	\$319,556,800	\$371,099,800
Total Revenues Per Capita	\$1,972	\$2,266

Total Revenue FY 2001-02



Total Revenue FY 2002-03



Performance Budget Summary FY 2001-02



Department	Personal Services	Supplies/Services/ Contributions	Capital Outlay	Internal Services	Total Budget
2001-02					
Mayor & Council	\$291,692	\$157,700		\$73,609	\$523,001
City Manager	1,075,182	145,575		(242,997)	977,760
Internal Audit	258,428	5,617		26,810	290,855
Neighborhood Program	226,203	22,300		13,060	261,563
Government Relations	250,220	199,791		18,699	468,710
Economic Development	811,749	975,620		(248,872)	1,538,497
Community Relations	593,978	513,350	205,000	124,019	1,436,347
Tempe Learning Center	535,098	117,720		21,891	674,709
Strategic Planning	196,216	12,665		13,060	221,941
City Clerk	316,104	368,150		33,646	717,900
City Court	2,161,337	463,737		542,362	3,167,436
Human Resources	2,997,082	624,288		(565,858)	3,055,512
City Attorney	2,233,204	402,971	3,450	177,026	2,816,651
Financial Services	3,797,107	1,685,650	27,795	(283,065)	5,227,487
Information Technology	6,250,155	5,805,483	883,690	(12,939,328)	-
Development Services	6,925,432	7,977,889	58,705	943,439	15,905,465
Police	34,493,576	2,779,176	122,794	6,455,930	43,851,476
Fire	12,039,325	1,004,005	642,125	1,168,958	14,854,413
Community Services	13,376,535	3,455,040	132,000	2,504,743	19,468,318
Public Works	21,208,677	33,103,675	2,941,420	(1,424,270)	55,829,502
Water Utilities	8,718,023	12,281,223	698,841	4,671,736	26,369,823
Total Departmental	\$118,755,323	\$72,101,625	\$5,715,820	\$1,084,598	\$197,657,366
Debt Service				28,189,488	28,189,488
Non-Departmental				3,597,440	3,597,440
Contingencies				4,576,077	4,571,077
Total Operating Budget	\$118,755,323	\$72,101,625	\$5,715,820	\$37,447,603	\$234,015,370
Capital Improvements			85,541,430		85,541,430
Total Financial Program	\$118,755,323	\$72,101,625	\$91,257,250	\$37,447,603	\$319,556,800

Performance Budget Summary FY 2002-03



Department	Personal Services	Supplies/Services/Contributions	Capital Outlay	Internal Services	Total Budget
2002-03					
Mayor & Council	\$303,521	\$158,700		\$76,241	\$538,462
City Manager	1,159,723	145,575		(254,480)	1,050,818
Internal Audit	281,422	7,212		27,800	316,434
Neighborhood Program	246,514	22,300		13,548	282,362
Government Relations	272,719	199,791		19,411	491,921
Economic Development	869,441	989,486	23,250	(242,083)	1,640,094
Community Relations	633,945	518,250		128,456	1,280,651
Tempe Learning Center	608,372	125,985		22,674	757,031
Strategic Planning	210,144	12,670		13,548	236,362
City Clerk	338,347	98,100		34,788	471,235
City Court	2,346,045	462,778		562,123	3,370,946
Human Resources	3,515,861	577,242		(658,722)	3,434,381
City Attorney	2,402,834	407,219		184,031	2,994,084
Financial Services	4,142,104	1,748,396	2,275	(318,984)	5,573,791
Information Technology	6,660,978	6,001,288	755,810	(13,418,076)	-
Development Services	7,420,219	7,985,097	40,000	1,015,859	16,461,157
Police	36,689,821	2,854,911		6,486,425	46,031,157
Fire	12,727,179	1,116,907	675,190	1,170,731	15,690,007
Community Services	14,088,191	3,362,728	39,500	2,628,818	20,119,237
Public Works	22,861,093	34,960,415	2,576,770	(1,224,442)	59,173,836
Water Utilities	9,220,018	12,498,068	419,700	4,902,906	27,040,692
Total Departmental	\$126,998,491	\$74,253,118	\$4,532,495	\$1,170,572	\$206,954,628
Debt Service				25,209,333	25,209,333
Non-Departmental				3,615,704	3,615,704
Contingencies				4,681,764	4,681,764
Total Operating Budget	\$126,998,491	\$74,253,118	\$4,532,495	\$34,677,373	\$240,461,459
Capital Improvements			130,638,313		130,638,313
Total Financial Program	\$126,998,491	\$74,253,118	\$135,170,808	\$34,677,373	\$371,099,772

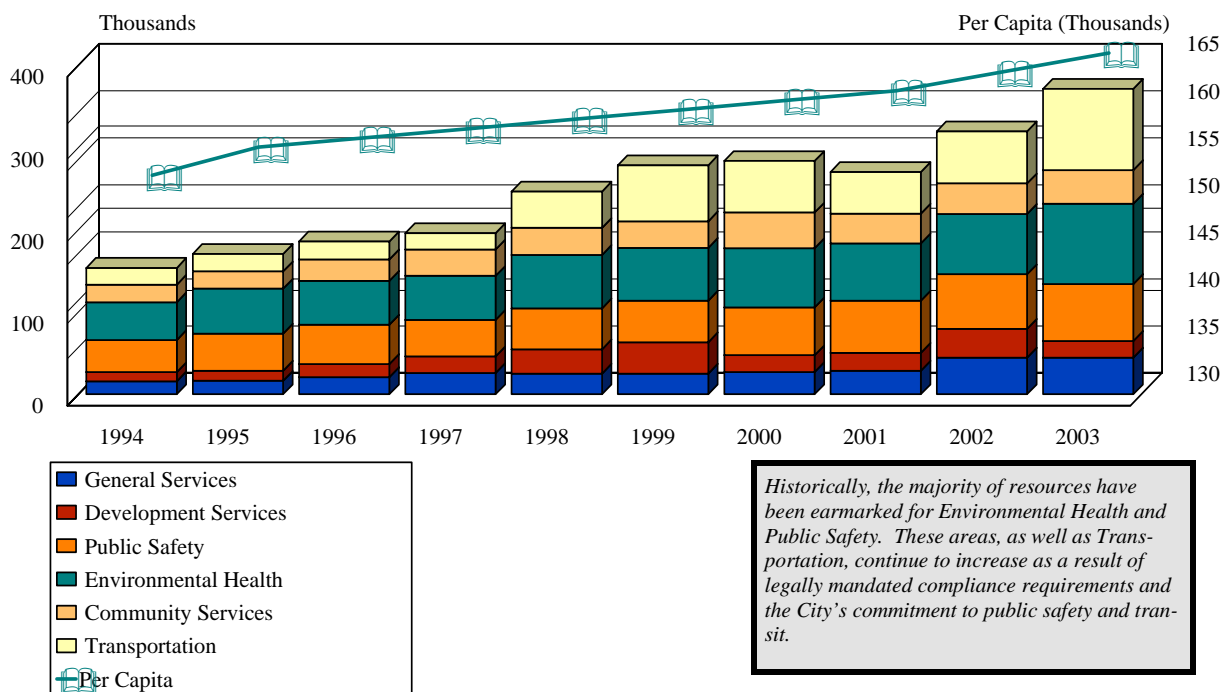
Program Budget At A Glance



Historically, Environmental Health and Public Safety Programs consumed the largest share of program expenditures, except for FY 1998-99, when Transportation represented the most significant share of the total financial program. Since then, Transportation has maintained a sizable share of program expenditures.

For FY 2001-02, Environmental Health constitutes 23% of total program expenditures. This program reflects funding for the 91st Avenue Wastewater Treatment Plant expansion, Kyrene Wastewater Plant and Interceptor enhancements, and improved efficiencies. Public Safety represents 21% of the total financial program, largely attributed to the addition of police personnel.

For FY 2002-03, Transportation comprises 27% of the total program budget. This is principally due to funding for Transit Light Rail approximating \$53.7 million. Environmental Health reflects 26% of the budget, largely driven by continued funding for water and wastewater plant expansion and process improvement projects.



Program	FYE 94	FYE 95	FYE 96	FYE 97	FYE 98	FYE 99	FYE 00	FYE 01	FYE 02	FYE 03
General Services	15,780	16,366	20,925	25,881	25,096	25,138	27,024	28,427	44,517	44,484
Development Services	11,024	12,250	15,698	20,172	29,563	37,949	20,483	21,842	35,036	20,423
Public Safety	39,184	45,188	47,943	44,271	49,853	50,509	58,040	63,479	66,277	69,101
Environmental Health	45,965	54,475	53,224	53,542	64,665	64,472	72,022	69,586	73,406	97,560
Community Services	21,263	20,996	26,166	32,027	32,982	32,138	43,320	36,232	37,070	40,727
Transportation	20,411	21,331	21,736	20,032	44,186	67,905	62,624	50,508	63,251	98,805
Total	153,627	170,606	185,692	195,925	246,345	278,111	283,513	270,074	319,557	371,100

Impact of Total Budget on Citizens



In May of 2000, the citizens of Tempe approved a Performing Arts Tax of 0.1% through a special sales tax election changing the rate from 1.7% to 1.8%, effective January 1, 2001. The property tax rate for FY 2001-02 will remain unchanged at \$1.35/\$100 assessed valuation. The City anticipates modest increases in assessed valuation as the real estate market remains strong and the City approaches build out.

The City maintains three utility services for water, sewer, and sanitation. For FY 1999-00, water and sanitation rates will not increase, while sewer rates will continue phased-in increases. Rate reviews for each of the utility services will continue annually.

Local Taxes

Sales Tax

In May of 2000 voters in Tempe approved a 0.1% increase to the sales tax rate from 1.7% to 1.8% effective January 1, 2001. The proceeds from this increase are dedicated to the Visual and Performing Arts.

Property Tax

No increase in the property tax rate is required with this budget. The FY 2001-02 tax rate is \$1.35/\$100 of assessed valuation, unchanged from the prior year. The primary tax rate is \$0.53 and the secondary tax rate is \$0.82.

Utility Charges for Services

Water/Sewer

For FY 1999-00, there will be no water rate increase. In May 1997, sewer fees increased, beginning a phased-in approach to rate increases. Rates will be adjusted this fall to attain full cost recovery, as customer charges are based upon water consumption and strength of discharge into the sewer system. Irrigation rates will be adjusted 5% effective the fall of 1999. Irrigation rates were last adjusted in July of 1997 to address irrigation rehabilitation needs.

Sanitation

There is no sanitation fee adjustment proposed for FY 2001-02. Our last fee adjustment of 3% was implemented in March 1998.

	Local Taxes		Utility Charges for Services (monthly) ²		
Fiscal Year	Sales Tax ¹	Property Tax	Water	Sewer	Sanitation
2000-01	1.7%	\$1.35	\$20.35	\$11.79	\$11.75
2001-02	1.8%	\$1.35	\$20.35	\$11.79	\$11.75

¹ Sales Tax rate increased from 1.7% to 1.8% effective January 1, 2001.

² Charges reflect rates effective July 1.

Capital Improvements Program Summary



Program	2001-02 Funded Program	2002-03 Funded Program	Additional Needs				Total 6Year Program
			2003-04	2004-05	2005-06	2006-07	
General Purpose							
Police	\$2,767,478	\$2,309,100	\$3,426,000	\$10,034,830	\$10,164,000	\$7,664,000	\$36,365,408
Fire	1,636,391	1,700,000	500,000	1,700,000	504,334	0	6,040,725
Park Improvements							
Recreation	4,107,000	6,285,000	2,298,000	630,000	500,000	500,000	14,320,000
Public Works	50,000	50,000	50,000	50,000	50,000	50,000	300,000
General Gov't							
Community Svcs.	340,000	323,400	0	0	0	0	663,400
Development Svcs.	17,655,239	2,460,000	8,738,000	4,318,000	2,062,750	1,162,750	36,396,739
Financial Services	960,000	960,000	167,000	175,000	175,000	175,000	2,612,000
Information Tech	837,000	622,000	705,000	510,682	0	0	2,674,682
Neighborhood	225,000	225,000	250,000	250,000	275,000	275,000	1,500,000
Municipal Arts	424,384	654,130	708,824	670,853	514,253	414,526	3,386,970
Public Works	2,426,750	1,142,900	375,000	300,000	300,000	300,000	4,844,650
Total General Purpose	31,429,242	16,731,530	17,217,824	18,639,365	14,545,337	10,541,276	109,104,574
Transportation							
Transportation/ROW	3,801,968	4,186,639	5,070,176	6,351,498	5,806,061	5,577,878	30,794,220
Sidewalks/Bikeways	33,000	410,000	100,000	100,000	100,000	100,000	843,000
Traffic/Street Lights	1,450,000	1,450,000	1,150,000	1,150,000	1,150,000	1,150,000	7,500,000
Total Transportation	5,284,968	6,046,639	6,320,176	7,601,498	7,056,061	6,827,878	39,137,220
Total General/ Transportation	36,714,210	22,778,169	23,538,000	26,240,863	21,601,398	17,369,154	148,241,794
Special Purpose							
Transit	24,785,400	59,703,524	76,134,810	73,501,740	51,171,650	36,350,910	321,648,034
Rio Salado	3,643,070	2,082,620	637,364	90,900	90,900	50,500	6,595,354
Total Special Purpose	28,428,470	61,786,144	76,772,174	73,592,640	51,262,550	36,401,410	328,243,388
Subtotal Tax-Supported	65,142,680	84,564,313	100,310,174	99,833,503	72,863,948	53,770,564	476,485,182
Enterprise Program							
Golf	550,000	2,305,000	200,000	1,925,000	525,000	525,000	6,030,000
Water	4,879,000	13,923,000	19,159,000	23,080,000	8,029,000	3,169,000	72,239,000
Wastewater	14,969,750	29,846,000	35,952,250	20,713,250	23,209,124	21,329,001	146,019,375
Subtotal Enterprise	20,398,750	46,074,000	55,311,250	45,718,250	31,763,124	25,023,001	224,288,375
Total Program	\$85,541,430	\$130,638,313	\$155,621,424	\$145,551,753	\$104,627,072	\$78,793,565	\$700,773,557

Capital Budget, Debt Service and Property Tax Rate



Fiscal Year	Budgeted Capital Improvements Program	Outstanding Principal Debt	Debt Service Requirements P & I	Net Secondary Assessed Value	% Change in Secondary Assessed Valuation	Property Tax Rate (\$)		
						Primary	Secondary	Total
1993-94	22,357,612	152,489,990	25,507,647	863,130,790	(0.6)	.51	.89	1.40
1994-95	29,283,757	136,714,990	24,434,571	850,390,750	(1.5)	.54	.86	1.40
1995-96	22,192,124	145,830,000	29,841,317	887,858,508	4.4	.56	.84	1.40
1996-97	35,466,698	141,285,000	27,161,881	912,856,941	2.8	.57	.83	1.40
1997-98	79,717,004	173,470,000	24,533,678	993,270,348	8.8	.56	.84	1.40
1998-99	87,651,929	203,495,000	24,297,657	1,098,826,160	10.6	.54	.86	1.40
1999-00	85,587,326	197,735,000	31,836,932	1,223,438,321	11.3	.55	.85	1.40
2000-01	61,256,862	200,805,000	29,772,986	1,356,429,397	10.9	.54	.81	1.35
2001-02 est.	85,541,430	208,675,920	27,976,330	1,437,815,161	6.0	.53	.82	1.35
2002-03 est.	130,638,313	242,292,455	32,696,239	1,495,327,767	4.0	.53	.82	1.35

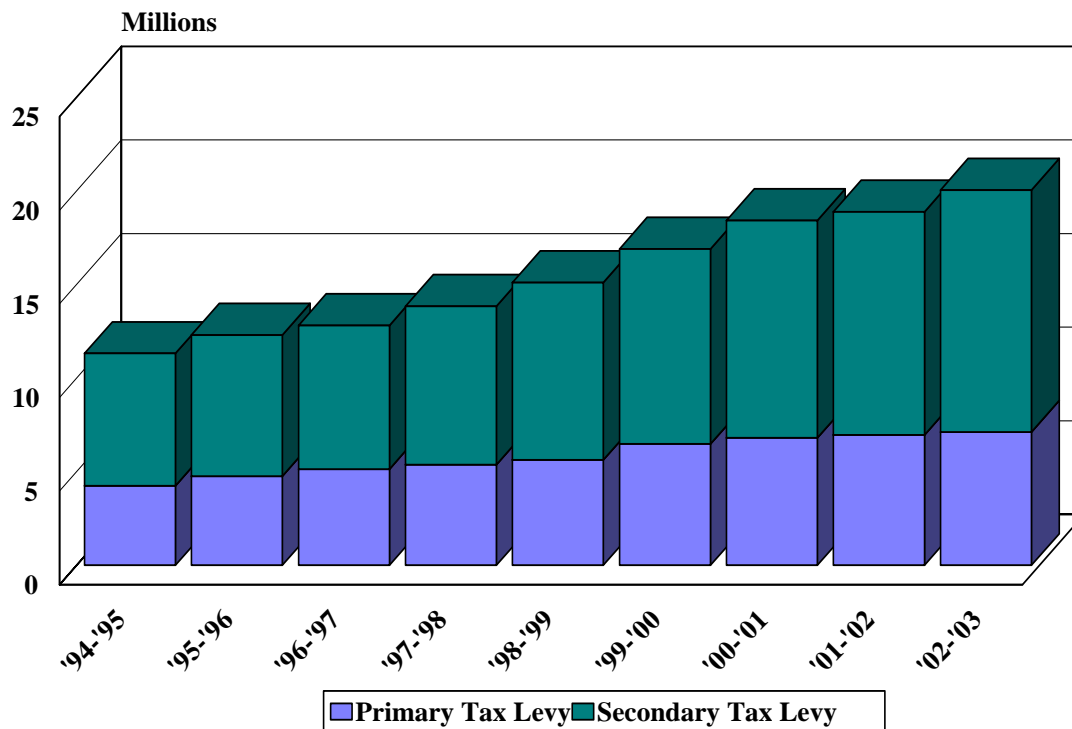
Summary:

(1) The increase in the Capital Budget from \$35 million in FY 1996-97 to \$80 million in FY 1997-98 is principally due to the addition of the Transit and Rio Salado capital programs, while the increase from \$61 million in FY 2000-01 to \$86 million in FY 2001-02 is attributed to the AZ Cardinal stadium construction and Transit program; the increase from \$86 million in FY 2001-02 to \$131 million in FY 2002-03 comes from the addition of light-rail construction within the Transit program, and an expanded Water/Wastewater capital program; (2) the City is expecting an increase in net secondary assessed valuation that should equal or exceed the peak years of 1990-91; and (3) the City implemented a planned increase in each of the three years beginning in fiscal year 1991-92, leveling at \$1.40 per \$100 valuation in 1993-94. The City decreased the property tax rate to \$1.35 in FY 2000-01, with no change planned in FY 2001-02 or FY 2002-03.

Property Taxes



Beginning with fiscal year 1980-81, property taxes were divided into two distinct levies, primary and secondary. The primary tax levy may be imposed for any type of municipal expenditure while the secondary tax levy may only be used to retire principal and interest charges on bonded indebtedness. Primary levy increases are restricted by state statutes. However, secondary levy increases are “unlimited” in that they may be increased to the level necessary to retire bonded indebtedness.



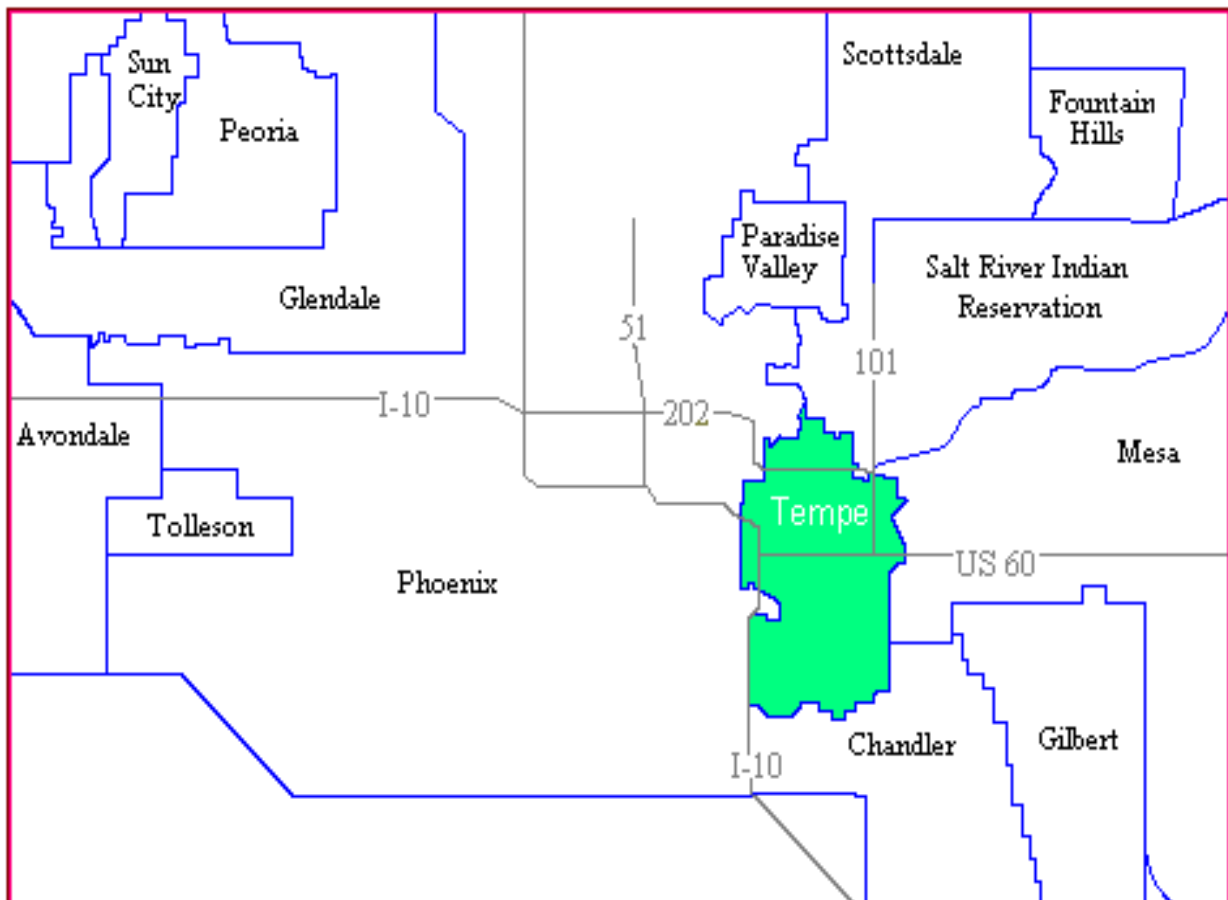
Fiscal Year	Primary Tax Levy	Secondary Tax Levy	Total	Tax Rate/ \$100
1994-95	\$4,247,312	\$7,068,557	\$11,315,869	\$1.40
1995-96	4,760,417	7,537,093	12,297,510	1.40
1996-97	5,141,986	7,666,645	12,808,631	1.40
1997-98	5,382,818	8,449,186	13,832,004	1.40
1998-99	5,665,500	9,506,788	15,172,288	1.40
1999-00	6,145,600	10,416,336	16,561,936	1.35
2000-01*	6,799,300	11,615,100	18,414,400	1.35
2001-02*	6,956,700	11,913,000	18,869,700	1.35
2002-03*	7,117,700	12,926,100	20,043,800	1.35

* Amounts reflect estimated receipts.



Date of Incorporation - November 26, 1894
Date Charter Adopted - October 19, 1964
Form of Government - Council - Manager

Tempe is home to Arizona State University, Fiesta Bowl, the Arizona Cardinals and the California Angels' spring training. As the amount of undeveloped land became increasingly scarce, the population growth of the late 70's and early 80's slowed somewhat. Nevertheless, development remains strong. Much of which is in the form of reinvestment, the continued growth reflects strong confidence in Tempe's economic vitality. Tempe has a younger age population than surrounding valley communities and a population whose educational attainment exceeds both valley and state norms with 71% of the population having at least some college and 37% with four or more years of college. Tempe is largely a middle income community with per capita and family median income exceeding county, state, and national norms. Diversity is evident in the wide range of businesses and industries, from small boutiques along revitalized Mill Avenue to manufacturing firms, light industry and corporate offices. The 2000 Citizen Satisfaction survey revealed that 97% of residents were satisfied with the quality of life in Tempe.





DEMOGRAPHICS

Area– Square Miles ⁽¹⁾

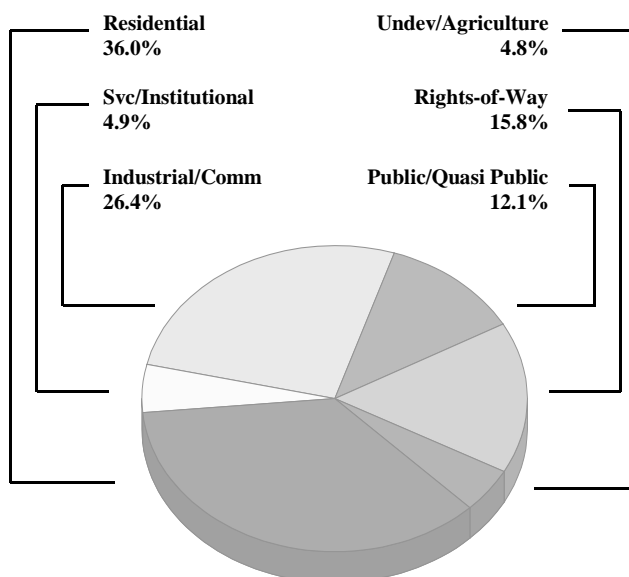
2000	40.0	1992	39.3
1999	39.8	1991	39.3
1998	39.8	1990	39.3
1997	39.8	1980	38.1
1996	39.8	1970	25.3
1995	39.8	1960	17.5
1994	39.8	1950	2.7
1993	39.6	1894	1.8

Land Use (1999)(%)⁽⁴⁾

Residential	36.0
Undeveloped/Agricultural	4.8
Rights-of-Way	15.8
Public/Quasi Public	12.1
Industrial/Commercial	26.4
Service/Institutional	4.9

Population ⁽²⁾

2000	U.S. Census	158,625
1995	Interim Census	153,821
1990	U.S. Census	142,165
1985	Interim Census	132,942
1980	U.S. Census	106,743
1970		63,550
1960		24,897
1950		7,906



Building Permits ⁽³⁾

	Number	Value (\$000)
2000-01	1,417	\$262,266
1999-00	1,717	317,143
1998-99	1,905	304,600
1997-98	2,533	492,419
1996-97	1,984	406,821
1995-96	2,038	248,476
1994-95	2,291	275,409
1993-94	2,298	265,148
1992-93	1,307	87,841
1991-92	1,294	147,168

Elections ⁽⁵⁾

Registered voters		
	Primary	65,530
	General	65,976
Voter Turnout		
	Primary	16,513
	General	15,407
% Voting		
	Primary	25.20%
	General	23.35%

**DEMOGRAPHICS, continued****School Registration ⁽⁶⁾**

Tempe Elementary District	12,710
Tempe Union High School District	13,300
ASU University (Fall 2000)	44,126

Education Attainment (%) ⁽⁷⁾

4 years or more College	36.8
1-3 years College	34.2
High School degree	18.9
Less than High School degree	10.1

Racial Composition (%) ⁽⁸⁾

White	69.7
Hispanic	17.9
Asian	4.7
Black	3.5
Other	4.2

Gender/Age Composition (%) ⁽⁸⁾

Male	51.7
Female	48.3
Under 5 years	5.7
5-14 years	10.8
15-19 years	9.2
20-24 years	15.4
25-44 years	33.2
45-64 years	18.5
65+ years	7.2

Household Income (1995)(%) ⁽⁹⁾

Less than \$15,000	19.0
\$15,000 -\$29,999	22.0
\$30,000-\$39,999	15.0
\$40,000-\$59,999	22.0
\$50,000+	22.0

Median Household Income \$36,049

Occupational Composition (%) ⁽¹⁰⁾

Technical, Sales, Admin. Support	34.4
Managerial and Professional	34.6
Service	12.7
Operators, Fabricators, Laborers	5.0
Precision Prod., Craft & Repair	12.3
Farming, Forestry and Fishing	1.0

Industrial Composition (%) ⁽¹⁰⁾

Health, Education & Legal	18.6
Wholesale/Retail Trade	21.3
Manufacturing	15.9
Personal & Business Services	11.1
Finance, Insurance & Real Estate	7.6
Transportation & Communications	8.5
Construction	4.4
Public Administration	11.3
Agriculture, Mining, etc.	1.3



ECONOMICS

Property Tax Rate ⁽¹¹⁾

Primary	0.53
Secondary	0.82
Total	\$1.35

City Sales Tax 1.8%

Bond Rating

Fitch	AAA
Standard and Poor's	AA+
Moody's	Aa1

SERVICE STATISTICS

Police ⁽¹²⁾

Sworn Personnel	337
Non-Sworn Personnel	169
Total	506

Avg. Emergency Response Time (min.)	5:30
Crime Index (CY 2000)	15,246
Crime Rate (per 100,000)	9,353

Fire

Sworn Personnel	137
Non-Sworn Personnel	21
Total	155

Fire Stations 6

Avg. Emergency Response Time (min.)	5:12
Response to emergency medical incidents	12,600
Total emergency response incidents	16,700

Sanitation

Residential Accounts Serviced	34,612
Commercial Accounts Serviced	1,950
Solid Waste Collected (tons)	147,000

Parks/Golf Courses

Developed Parks	46
Parks Acres Maintained	1,074
Municipal Golf Courses:	2
Rounds of Play:	
Ken McDonald (18 holes)	90,000
Rolling Hills (9 holes)	113,000

Water/Wastewater

Active Accounts Serviced	40,822
Water Treated and Distributed (billions of gallons)	18.5
Sanitary Sewers (miles)	549

Source: (1) Area-Square Miles, City of Tempe-Development Services; (2) Population, Maricopa Association of Governments; (3) Building Permits, City of Tempe-Development Services; (4) Land Use, City of Tempe-Development Services; (5) Elections, City of Tempe-City Clerk's Office; (6) School Registration, Tempe Elementary & High School District, ASU; (7) Education Attainment, 1990 U.S. Census; (8) Racial, Gender/Age Composition, 2000 U.S. Census; (9) Household Income, 1995 Special Census; (10) Occupational, Industrial Composition, 1990 U.S. Census; (11) Property Tax Rate, City Sales Tax, Bond Rating, City of Tempe-Financial Services; (12) Police, Fire, Sanitation, Parks/Golf Courses, Water/Wastewater, City of Tempe Biennial Budget-Performance Section.



Even though the budget is heard by the Mayor and Council in March and April, its preparation begins months prior, with projections of City funding sources, remaining bond authorization, reserves, revenues, and expenditures. It continues through numerous phases and culminates with adoption in June. We recognize and appreciate that budgeting is an ongoing process of planning, monitoring, problem solving, and customer service throughout the fiscal year. Each year, every effort is made to improve both the budget process and the usefulness of budget documents.

Cecilia Velasco-Robles
Deputy Financial Services Manager

Debbie Bair
Budget & Research Analyst

Michelle Caruso
Budget & Research Analyst

Travis Clark
Budget & Research Analyst

Melanie Housh
Budget Intern

Anita Erspamer
Executive Assistant

**Please see City of Tempe budget documents on the
World Wide Web. We're at:
www.tempe.gov**

If you have any questions, call us at (480) 350-8350

Our mailing address is:
City of Tempe
Financial Services/Budget
P.O. Box 5002
Tempe, Arizona 85280

